



CO-OPERATIVE FEDERATION OF VICTORIA LTD.

225 Swanston Street, Melbourne, Victoria 3000, Australia

Telephone: (03) 663 1674

Postal Address: G.P.O. Box 5211AA, Melbourne, Victoria 3001, Australia

26th May, 1983.

The Deputy Registrar of Co-operative Societies,
250 Elizabeth Street,
MELBOURNE, 3000.

Dear Mr. Rogan,

1. As part of its programme of development of services for member Co-operatives and to encourage those member Co-operatives make better use of their resources, the Board of this Federation has adopted a policy of establishment of a centralised banking service to enable surplus member co-operatives' credit balances to be invested to better advantage and to provide short term funds to members.

This policy is in line with the practice currently operating successfully by the Co-operative Federation of New South Wales. Rule 6(ii) of the Federation's registered Rules empowers this policy, providing for the Federation

to operate a central account in which members may deposit funds and from which loans may be granted to members.

Section 49(6) of the Co-operation Act 1981 provides the legislative authority for this objective.

2. The Board wishes to consider the following alternative means of operating such a service

- (i) self operation with adequately skilled staff to protect members' funds in a professional manner;
- (ii) agency type operation with the Federation acting on a commission basis between its members and an established Co-operative scheme in Victoria, e.g.

Victorian Credit Co-operative Association
Central Banking Scheme

- (iii) as for (ii) except that the established Co-operative scheme would be outside the State of Victoria e.g.

The Co-operative Federation of New South Wales Ltd.
Centralised Banking Scheme

- (iv) as for (ii) and (iii) except that the established scheme would be an existing commercially operated cash management scheme.

Whilst Section 49(6) of the Co-operation Act provides authority for the Federation to receive deposits from and make loans to members, Section 75(3) prohibits societies from investing funds in any other Society without approval of the Registrar.

Section 75(4) excludes a federation from the restriction of 75(3) relating to the making of investments.

Section 75(10) authorises an association of credit societies to invest funds on deposit with the Australian Federation of Credit Unions Ltd.

Regulation 74, Co-operative Societies (General) Regulations 1982 prescribes

Victorian Credit Co-operative Association Ltd.

for the purposes of Section 75(3) of the Act.

- 3. To enable this service to be developed using interstate resources the following legislative amendments are considered necessary

- (i) Co-operative Societies (General) Regulations 1982
Amend Section 74 by including

"Co-operative Federation of Victoria Ltd."
as a prescribed federation.

This would enable Co-operative Societies incorporated under the Act to invest funds in the Co-operative Federation of Victoria Ltd.

- (ii) Co-operation Act 1982
Provide a new subsection 75(11) so that

"A Federation may invest any portion of its funds not immediately required for its objects or for purposes incidental thereto upon deposit with the Co-operative Federation of Australia Inc."

- 4. Further to this office letter of 27th April 1983 on the subject and in reply to yours of 9th May 1983 I have to advise

- (1) the deposit services proposed for members is receipt of temporary surplus funds to invest for better return than the members could obtain individually;
- (2) advantages to members are those set out at (1) plus availability of short term borrowings to reduce overdraft charges plus obtaining interest on credit balances;

- (3) the object of the Board of the Federation is to ensure an adequate financial base with physical resources to conduct an investment portfolio;
- (4) the scheme would not be commenced until a minimum of five Co-operatives formally agreed to participate. From there the numbers of participants would be expected to increase in stages to about 50.

Yours sincerely,

W. W. Rawlinson,
Executive Officer.



MINISTRY OF HOUSING

16th Floor, 250 Elizabeth Street, Melbourne Victoria. 3000. Telephone 669 1100

Enquiries: Mr. P. Rogan

Telephone: 669 1824

9th May, 1983

Mr. W. W. Rawlinson,
Executive Officer,
The Co-operative Federation
of Victoria,
G.P.O. Box 5211AA,
MELBOURNE, 3001

Dear Bill,

I refer to your letter of the 27th April, 1983, with regard to your request to be listed as a prescribed association under Regulation 74 of the Co-operative Societies (General) Regulations 1982.

Before I could consider advising the Minister of Housing that he recommend to the Governor-in-Council that the regulation be amended I would need to know the following:

1. What deposit services do you propose offering to your members?
2. What advantage will members receive by utilizing those services?
3. Will the Federation have an adequate financial base, and the physical resources to conduct an investment portfolio?
4. How many societies do you anticipate investing in the Federation?

I await your advice.

Yours faithfully,

P. J. ROGAN,
DEPUTY REGISTRAR

27th April, 1983.

The Registrar of Co-operative Societies,
250 Elizabeth Street,
MELBOURNE, 3000.


Dear Mr. Kilpatrick,

Amendments to Co-operation Act

At the time of drafting the Co-operation Act 1981, this Federation was not incorporated. Consequent upon its incorporation, we would now appreciate the recognition of Co-operative Federation of Victoria Ltd. as a prescribed Federation for the purposes of Section 75(3) of the Act to be authorised under Regulation 74 of the Co-operative Societies (General) Regulations 1982.

It is appreciated that amendments to the Act are likely to be considered subsequent to the Minister's consideration of response to the discussion paper you are to circulate relative to the Co-operation Act. This submission is made to ensure it is placed on file for consideration at the appropriate time.

Yours sincerely,


W. W. Rawlinson,
Executive Officer.